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Attorneys for Debtors and Debtors in Possession

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION,

- and -

**PACIFIC GAS AND ELECTRIC
COMPANY,**

Debtors.

- ☐ Affects PG&E Corporation
☐ Affects Pacific Gas and Electric
Company
☒ Affects both Debtors

** All papers shall be filed in the Lead
Case, No. 19-30088 (DM).*

Case No. 19-30088 (DM)

Chapter 11

(Lead Case) (Jointly Administered)

**PLAN PROPONENTS' SUPPLEMENTAL
RESPONSE TO RESPONSE REGARDING
PROPOSED MODIFICATIONS TO PLAN AND
PROPOSED CONFIRMATION ORDER FILED BY
(A) THE CREDITORS' COMMITTEE, (B) CALPINE,
(C) CNUC, AND (D) THE CALIFORNIA STATE
AGENCIES**

Relates to Docket Nos. 7832, 7839, 7842, 7850, 7868

1 The Plan Proponents hereby submit this Supplemental Response to the Plan Proponents'
2 *Response Regarding Proposed Modifications to Plan and Proposed Confirmation Order Filed By*
3 *(A) the Creditors' Committee, (B) Calpine, (C) CNUC, and (D) the California State Agencies*
4 [Docket No. 7868] (the "**Response**").¹

5 In addressing objections to confirmation with respect to rights of setoff and recoupment, the
6 Plan Proponents on the record and in the Response proposed the following to be included in the
7 Confirmation Order:

8 Any rights of setoff or recoupment or defenses thereto held by any
9 Entity are expressly retained and preserved, subject to any applicable
limitations of the Bankruptcy Code.

10 Since that filing, it came to the attention of the Plan Proponents that the above language
11 could be read to eliminate provisions of the Channeling Injunction provided in Section 10.7 of the
12 Plan, which was never intended. The above language also could be read to be inconsistent with, and
13 override, the Debtors' agreement with the TCC resolving the dispute regarding the Assigned Rights
14 and Causes of Action and Retained Rights and Causes of Action (as defined in the Plan Supplement
15 filed May 1, 2020 [Docket No. 7037]) by inadvertently transferring to the Fire Victim Trust the
16 economic benefit of certain of the Debtors' Retained Rights and Causes of Action and thereby
17 improperly increasing the aggregate consideration to be provided to the Fire Victim Trust under the
18 Plan. Such a result was also not intended.

19 Accordingly, the Debtors' proposal is modified as follows:

20 Except as provided in Section 10.7 of the Plan, Any rights of setoff
21 or recoupment or defenses thereto held by any Entity are expressly
22 retained and preserved, subject to any applicable limitations of the
Bankruptcy Code.

23 The Plan Proponents believe that this modified proposed language addresses the Objections
24 and appropriately preserves the rights of the Debtors, Reorganized Debtors and all other parties in
25 interest.

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27
28 ¹ Capitalized terms used but not herein defined have the meaning ascribed to them in the Response.

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2 Dated: June 10, 2020

3 **WEIL, GOTSHAL & MANGES LLP**
4 **KELLER BENVENUTTI KIM LLP**

5 /s/ Jessica Liou

Jessica Liou

6 *Attorneys for Debtors and Debtors in Possession*
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